1:Stanford U. S-4, 5 1956 AF14 Central China AF14

average of 25 per cent of the total retail trade in 1953, namely, 18 per cent of the retail trade in the cities and 30 per cent of that in the countryside. About 75 per cent of all the purchases by the co-operatives in 1953 were made on behalf of the state.[78] In most cases, purchases of raw materials and also such export items as cotton from Honan and Hupeh, hemp from Kiangsi, tobacco from Honan, tea from Hunan, silk from Kwangtung, and tung oil from Hunan were made through the co-operatives.[79]

C. The Private Sector

With respect to private commerce, the State has adopted the policy of utilizing their "positive" activities and restricting their "negative" ones. At the same time, the state is leading them, allegedly at their own insistence on the road to state capitalism. In view of the monopolistic position of the state-owned trading companies, the private wholesale and retail dealers would be automatically squeezed out of business, or would be forced to act as distributing agents for the state-trading firms. In the cotton trade, for example, Section 4 of the "Temporary Regulation of the Supply of Cotton Yarn in the Central-South Area" announced

78. Ibid.

79. Ibid.